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21 June 1956

CURRENT INTELLIGENCE WEEKLY SUMMARY



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OFFICE OF CURRENT INTELLIGENCE

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State Department review completed

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

YUGOSLAV-SOVIET RELATIONS Page 1

The declaration on relations between the Soviet and Yugoslav Communist Parties issued on 20 June at the conclusion of Marshal Tito's visit to the USSR reveals agreement to expand party contacts, but within a framework which conforms closely to the preconditions of equality and independence on which the Yugoslavs had insisted. Khrushchev's speech on 19 June suggested that Yugoslavia had now taken its place "within the camp of Socialism." Tito's speech on the same occasion stressed the wide area of agreement reached on international issues.

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WEST EUROPEAN COMMUNIST LEADERS
CRITICIZE MOSCOW Page 2

Criticisms of Moscow's anti-Stalin campaign voiced last week by the Italian and French Communist leaders do not appear to be a "revolt" against Soviet Communist authority. Instead, they seem to be a coordinated effort to prove that foreign Communist parties are independent. This line, laid down authoritatively by Moscow at the 20th Party Congress, is aimed at demonstrating the "new" Soviet spirit and obtaining the parliamentary collaboration of West European Social Democrats in popular fronts. The foreign Communist leaders, who are under attack within their own parties, are under great pressure to clarify the local line and re-establish party discipline in order to maintain their own positions.

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SOVIET AIR SHOW Page 3

Preparations for the Soviet Aviation Day air show, scheduled for 24 June at Tushino Airfield in Moscow, indicate the USSR plans an impressive display of aircraft. For the first time, the show will be attended by senior air officials from leading Western powers and other nations outside the Sino-Soviet bloc. In addition to an aerial parade, the tentative schedule includes a display of aircraft on the ground and visits to an aviation school and an aircraft factory.

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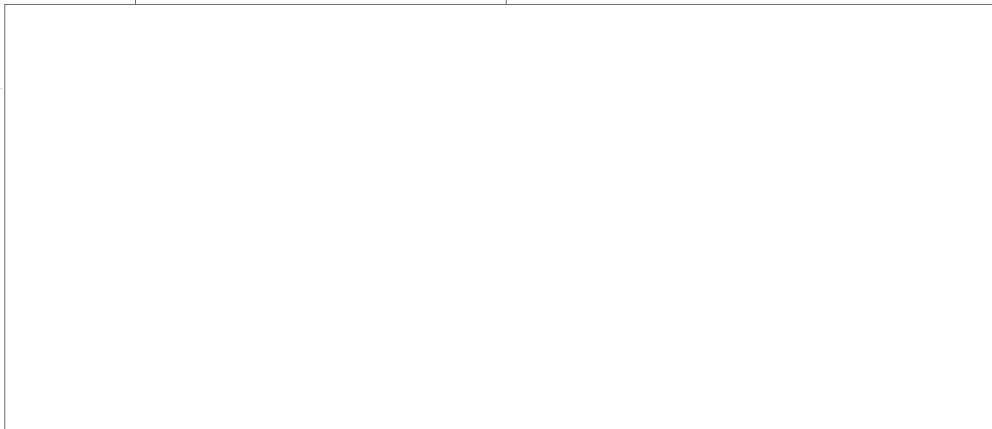
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CHINESE COMMUNIST ECONOMIC PLANS Page 4

Statements by Chinese Communist leaders at the National People's Congress show that Communist China is pressing ahead along the general lines charted by the USSR in the 1930's, with forced draft industrialization and collectivization of agriculture. The \$12.5 billion Chinese budget for 1956 is designed to achieve 1957 industrial and agricultural production goals this year. Capital construction also has been speeded up. Budgeted defense expenditures will be 5.5 percent less this year, but the Chinese economy will bear a greater burden than last year, when the USSR provided a large special credit for defense outlays.

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Page 6



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PART II

NOTES AND COMMENTS

**SHAH FEARS REPERCUSSIONS
FROM SOVIET AID OFFERS Page 1**

Moscow has made elaborate preparations to receive the Shah of Iran on his visit beginning on 25 June. Upon his return, the Shah will probably press for increased American military and economic aid to justify to the Iranian public his continued alignment with the West.

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YEMENI CROWN PRINCE IN MOSCOW Page 1

Moscow has accorded Crown Prince Badr of Yemen and his entourage of political and economic advisers an especially warm welcome for representatives of such a small country.

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SINO-SOVIET LEADERS**STRESS PERSONAL DIPLOMACY Page 2**

The unprecedented number of invitations to non-Communists to visit the USSR and China in the last year and the many trips abroad by top Soviet leaders indicate the importance the Communists now attach to personal diplomacy. [REDACTED]

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PEIPING PRESSES**FOR A DULLES-CHOU MEETING Page 4**

The release of two American priests last week marks the first time in 1956 Peiping has freed imprisoned Americans. Peiping apparently still hopes that the hostage value of the remaining 11 prisoners will serve to extract American concessions in the Geneva talks, in particular, agreement to convene a foreign ministers' conference between the United States and Communist China. [REDACTED]

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ARAB-ISRAELI SITUATION Page 5

The replacement of Israeli foreign minister Sharett by Mrs. Golda Myerson, an undeviating supporter of Prime Minister Ben-Gurion, indicates a shift of emphasis rather than a radical departure in Israel's foreign policies. Ben-Gurion probably will now be free to place more emphasis on what he thinks is Israel's immediate security need. Sharett had sought to give greater weight to Israel's over-all international position. [REDACTED]

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FRANCE'S ALGERIAN POLICY Page 6

French premier Guy Mollet appears to be trying to meet leftist pressure for immediate reforms in Algeria and an end to hostilities by preparing for a piecemeal development of political autonomy. The government thus far has refused to consider the good offices of intermediaries, but has not entirely closed the door against eventual recourse to such means. [REDACTED]

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CYPRUS Page 7

Great Britain has prepared a new plan for a Cyprus settlement at a time when the Greek government has indicated an interest in seeking a new approach to the problem. Neither country has yet made direct overtures to the other, but their latest positions indicate that negotiations might be resumed. [REDACTED]

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Page 8

COMMUNISTS EXPLOITING**URUGUAY'S ECONOMIC DIFFICULTIES Page 9**

The deteriorating economic situation in Uruguay, which has resulted in increased sentiment in favor of trade with the Sino-Soviet bloc, has also led to Communist gains in the labor field. The five-week-old packing-house strike, in particular, has enabled the Communists, who remain politically weak, to increase their influence over non-Communist unions through "solidarity" activities. Communist-backed cost-of-living strikes also threaten in other important fields.

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ANTI-STALIN CAMPAIGN**PROCEEDS CAUTIOUSLY Page 10**

Since April, the campaign against Stalin has proceeded slowly and carefully. The Soviet press has remained silent on publication in the West of Khrushchev's party congress attack, and the Soviet public has so far been informed indirectly of only a small part of its contents. Some observers have noted cynicism and a loss of confidence in the present leadership, especially among the intelligentsia, as a product of the anti-Stalin campaign.

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ENCYCLOPEDIA REFLECTS**CHANGES IN SOVIET POLICY Page 11**

The USSR's Great Soviet Encyclopedia (second edition), issued a volume at a time since Volume 2 appeared in 1949, reflects changes in the official line as they occur. Thus, for example, references to the Korean war in Volume 39, issued last March, are less critical of the United States than those in Volume 22, published in 1953.

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SOVIET REDUCTION OF FORCES Page 12

The withdrawal of several Soviet units from Germany on 20 and 21 June is the second public demonstration in East Germany that the USSR is implementing its plan announced on 14 May to reduce its forces by 1,200,000 men. There are indications that preparations are under way for further demobilizations. [REDACTED]

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**SOVIET WARSHIPS
IN FOREIGN WATERS Page 13**

Soviet warships have made or are scheduled soon to make a number of cruises in the Mediterranean, the Atlantic and the Pacific. This activity is designed not only to demonstrate "friendship" with countries visited but also to impress the world with the growth of Soviet military power. [REDACTED]

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THE CZECH PARTY CONFERENCE Page 14

At the Czech party conference of 11-15 June, the Communist leaders indicated their awareness of widespread confusion and discontent both within the party ranks and among the population generally, but made clear they intended to halt further public expression of disaffection. Some limited concessions were announced, however, including extensive administrative reforms emphasizing decentralization. [REDACTED]

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BANDARANAIKE'S PERSONAL ROLE IN CEYLON Page 15

The future stability of the new Ceylonese government depends almost entirely on the personal strength and character of Prime Minister Bandaranaike, among whose supporters there are few with political experience. He has stood fast on the national language issue in the face of considerable violence, and he apparently intends to retain Ceylon's Commonwealth membership and an over-all defense treaty with Britain, even though he will probably proclaim Ceylon a republic and request the elimination of British control over military bases. [REDACTED]

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ASIAN-AFRICAN STUDENTS' CONFERENCE Page 17

The Communist drive for absolute domination of the Asian-African Students' Conference held in Bandung was substantially curbed in the final sessions of the conference, which closed on 7 June. This was achieved principally by the Indian and Pakistani delegates, supported by some seven delegations of smaller countries. [REDACTED]

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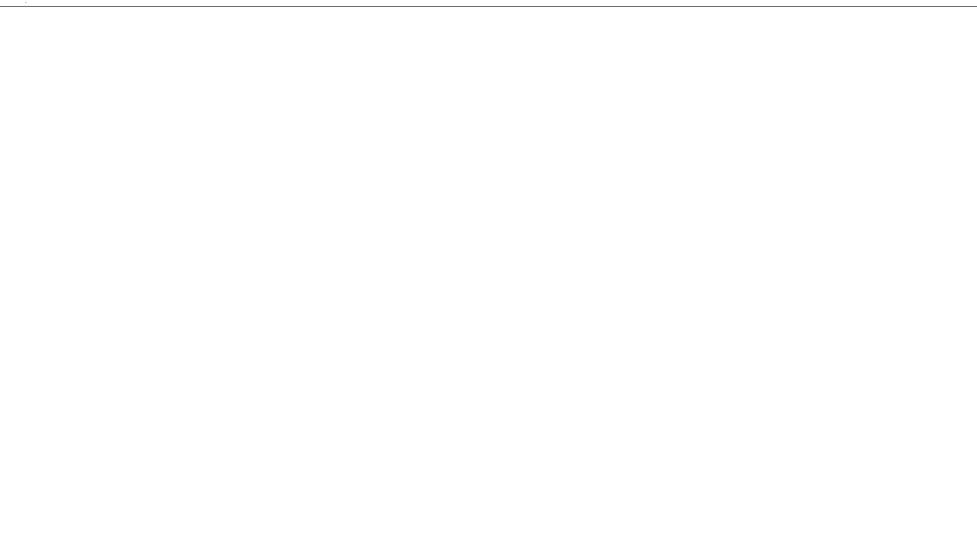
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PART III


PATTERNS AND PERSPECTIVES

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Page 1




THE ALGERIAN MILITARY SITUATION--PART I: THE REBELS ... Page 5

The Algerian rebels' National Liberation Army--which may number between 20,000 and 40,000 men--has progressively disrupted the security and economy of much of northern Algeria by guerrilla operations. The rebels obtain a large part of their equipment locally, but there are indications that their efforts to obtain arms now extend throughout the Near East and Europe to the western hemisphere and probably to Soviet bloc countries. 

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NEW SATELLITE FIVE-YEAR PLANS Page 9

The Eastern European Satellites' Second Five-Year Plans (1956-60) provide for increasing the investment in agriculture and consumer goods industries. Heavy industry, however, will continue to hold first priority. 

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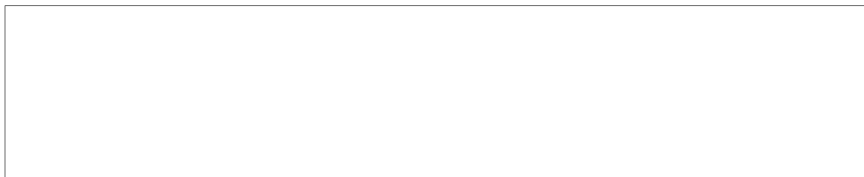
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**ETHIOPIA, A MAJOR TARGET OF THE COMMUNISTS' AFRICAN
CAMPAIGN**

Page 10

Ethiopia has become a major target in the
Communists' attempt to penetrate tropical Africa. The
latest overtures by the Soviet bloc and Communist
China have taken advantage of Ethiopia's dissatis-
faction with the amount of Western aid it has been
receiving.

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THE WEEK IN BRIEF

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PART I

OF IMMEDIATE INTEREST

YUGOSLAV-SOVIET RELATIONS

The declaration on relations between the Soviet and Yugoslav Communist Parties issued on 20 June at the conclusion of President Tito's visit to the USSR reveals agreement to expand party contacts, but within a framework which conforms closely to the preconditions of equality and independence on which the Yugoslavs had insisted. Khrushchev's speech at Dynamo Stadium on 19 June suggested that Yugoslavia had now taken its place "within the camp of Socialism." Tito's speech on the same occasion stressed the wide area of agreement reached on international issues as set forth in the government communiqué, issued along with the party declaration.

Different Roads to Socialism

The party declaration acknowledges that "the roads and conditions of Socialist development are different in different countries." Party co-operation "should be based on complete freedom and will and equality, on friendly criticism, and on the comradely character of exchange of views on disputes between our parties." The declaration states that these contacts are but a part of the developing broader relations among progressive movements in the world--a point presumably insisted on by the Yugoslavs to offset Western suspicions that Yugoslavia is establishing exclusive party ties with the Soviet bloc.

Khrushchev in his speech at Dynamo Stadium endeavored, however, to create the impression

that Yugoslavia had returned to the "Socialist camp," and he hailed the "monolithic unity" of the Socialist countries. Khrushchev emphasized that the Socialist countries were developing as independent, sovereign states, where each Communist party was applying the principles of Marxism and Leninism in accord with the particular nature of the country.

As if to temper somewhat the remarks of Khrushchev, Tito maintained that his visit to the USSR was a logical continuation of his policy of improving relations with all nations on the basis of equality. He then reiterated his intention to follow his own brand of Communism and not that of the USSR by declaring that "our way is different from yours," adding that the differences must not be an obstacle to the closest possible co-operation between countries building Socialism.

Yugoslavia's Role

Khrushchev said that the USSR wants friendship and understanding with the working-class parties of all countries, despite differences with them. The party declaration stated there was a pressing need for "co-operation of all progressive and peaceful forces." This may indicate that the Yugoslavs will assume an active role in seeking the development of popular fronts and increased international contacts between Communist and Socialist parties. This may be one of the major results Moscow hopes to achieve by having welcomed so lavishly

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the former "renegade" on his return to the USSR and by proclaiming its faith in the doctrine of various roads to Socialism.

The government communiqué issued along with the party declaration does little more than document the issues on which the Yugoslavs had previously indicated agreement with the USSR.

In his farewell address Tito reaffirmed a broad identity of views when he declared that his visit to the USSR had convinced him that the USSR has "the same desires as we" and that a "common language" had been found in his talks with the Soviet leaders.

This communiqué repeated Soviet and Yugoslav support for Communist China's admission to the UN, endorsed the cut in Soviet forces as a step toward partial disarmament, urged talks between East Germany and West Germany to bring about reunification, supported the removal of obstacles to free trade, and called for aid to underdeveloped countries through the UN. It proposed no new measures in bilateral relations between the Yugoslav and Soviet governments, but merely endorsed a continued expansion of trade, scientific, and cultural relations.

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**WEST EUROPEAN COMMUNIST LEADERS
CRITICIZE MOSCOW**

Major statements by the leaders of the Italian and French Communist Parties last week on the anti-Stalin campaign in the USSR, like the communiqué issued on 20 June at the conclusion of Tito's visit to Moscow, represent the active implementation of the new line, enunciated at the Soviet 20th Party Congress in February: the roads to Socialism vary with different conditions in different countries.

Independence From Moscow

The central theme of these pronouncements was the independence of foreign Communist parties from Moscow. The key slogans stressed autonomy, freedom of will and equality, friendly criticism, comradely exchange of views on disputes between the Soviet and foreign parties, and, in general, a "frank and critical relationship among Marxists."

The theme was concisely stated by Palmiro Togliatti, secretary general of the Italian party, in his press interview published on 16 June. Stressing that the "Soviet model cannot and should not continue to be obligatory," Togliatti said the international structure of the world Communist movement is changing today. It is becoming "many-centered" and therefore one cannot speak of a "unique guide within the Communist movement but rather of progress accomplished by following different roads." The French Communist statement followed a similar line.

Co-ordinated Action

The reactions of the leaders of the two great Western European Communist parties do not appear to constitute a revolt against Moscow or a repudiation

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of their loyalty to the international Communist movement. On the contrary, they provide strong evidence of a planned and co-ordinated maneuver. The foreign Communist leaders, who are under attack within their parties, are under great pressure to clarify the local line and re-establish party discipline in order to maintain their own positions.

The Italian and French statements, along with those by the British and American Communist press, are cast in similar language and follow the same pattern. They all balance a defense of the Soviet leaders' attacks on Stalin and professions of the unity and solidarity of the Communist world with criticisms of the handling of the anti-Stalin campaign and demands for further "elucidation" of how Stalin was able to pervert the Soviet system.

The rather strong language used by Togliatti and the French Communists in criticizing the Soviet leaders for having tolerated Stalinism so long is merely an index of the new latitude the foreign Communist parties

are being allowed in developing local policies within the framework of the general line laid down in Moscow.

Thus, there is evidence of a top-level decision on a program to carry out the "different roads to Socialism" in such a way as to emphasize foreign Communist independence from Soviet control.

"Popular-Front" Tactics

As part of its effort to present a "liberal" front to the non-Communist world, Moscow is seeking to create the impression abroad that ties between the Soviet Union and foreign parties are being loosened. The local Communist parties are now pictured as genuine national parties which are no longer being manipulated primarily to advance Soviet foreign policy objectives. This line is clearly intended to set the stage for parliamentary collaboration with Social Democrats and others who may be amenable to Communist overtures aimed at reviving the popular fronts of the mid-1930's. [REDACTED]

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SOVIET AIR SHOW

Preparations for the Soviet Aviation Day air show, scheduled for 24 June at Tushino Airfield in Moscow, indicate the USSR plans an impressive display of aircraft. For the first time, the show will be attended by senior air officials from leading Western powers and other nations outside the Sino-Soviet bloc. A tentative schedule [REDACTED]

[REDACTED] includes the aerial parade, a display of aircraft on the ground and visits to an aviation school and an aircraft factory.

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More than 20 delegations, including those from the Satellite nations, are expected to attend. To date, the following non-Orbit nations have accepted Soviet invitations: the United

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States, Britain, France, Norway, Sweden, Finland, Switzerland, Yugoslavia, Syria, Egypt and India.

New Aircraft

New aircraft seen in practice fly-bys which will probably appear in the show are a swept-wing jet light bomber, two different versions of delta-wing fighters, and an improved version of the twin-engine FLASH-LIGHT all-weather interceptor. Rehearsal flights by four aircraft resembling the FARMER transsonic day-fighter indicate that a modified version of this aircraft has also been developed.

Other Aircraft Developments

Other aircraft believed to be under development in the USSR may appear in the air show. A four-engine jet transport has been heralded by Soviet officials for the past two years which reputedly will carry 180 passengers. A four-engine turbo-prop transport of comparable size is also probably under development but is less likely to be completed in time for the show. A new twin-engine turbo-prop transport mentioned by Tupolev for the first time this year may also appear in the show.

In addition to new aircraft, the USSR may give a demonstration of aerial refueling techniques [redacted]

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[redacted] BISON heavy bombers with long nose booms which are believed to be the probe element of a probe-and-drogué aerial refueling system. [redacted]
(Prepared jointly with OSI)

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CHINESE COMMUNIST ECONOMIC PLANS

On 18 June, Li Fu-chun, vice premier and chairman of the State Planning Commission, told the National People's Congress, now assembled in Peiping, that Communist China would fulfill the First Five-Year Plan (1953-1957) ahead of schedule, and that the Second Five-Year Plan is already being formulated. In 1956 a planned increase of 62 percent in capital construction over 1955 will result in the

completion of seven eighths of the entire Five-Year Plan for fixed investments. The level of production for both agriculture and industry scheduled originally for 1957 is now to be reached this year. Communist China is thus pressing ahead along the general lines charted by the USSR in the 1930's, with forced draft industrialization and collectivization of agriculture.

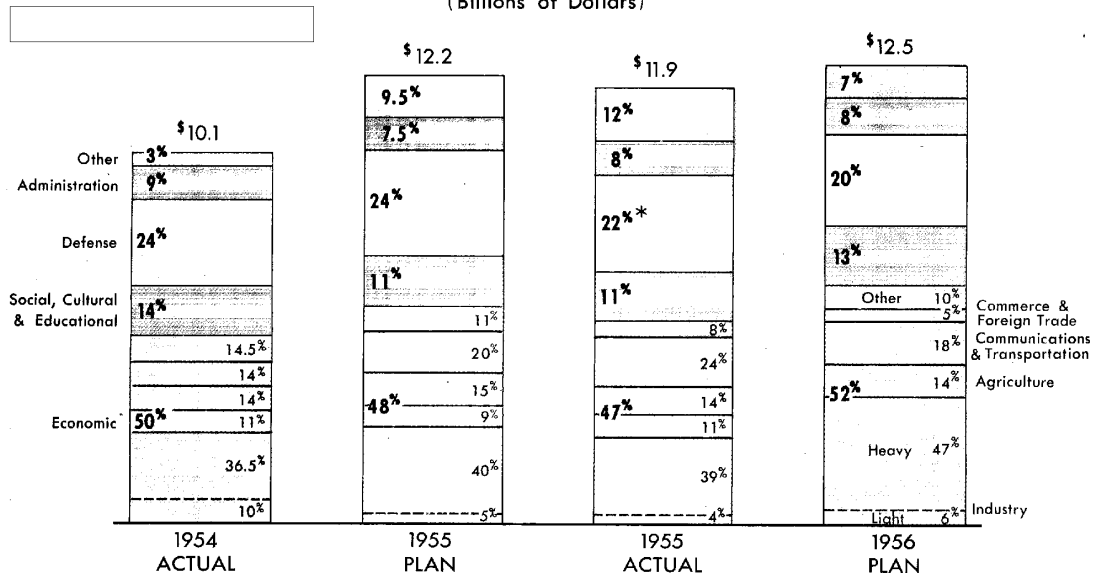
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CHINESE COMMUNIST BUDGET EXPENDITURES

(Billions of Dollars)



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These predictions by Li Fu-chun were preceded on 15 June by a final review of the 1955 budget and the adoption of a \$12.5 billion state budget for 1956.

Agriculture

In agriculture, which is the key to attainment of the Five-Year Plan goals, 1955 was described as a year of "rapid socialist transformation." An excellent food crop harvest of 184,000,000 tons was claimed for 1955, although for the first time since the Communists assumed power, state income from agriculture was less than planned as a result of agricultural losses caused by the floods in 1954. With a 50-percent increase in investment in this field, the Chinese hope to attain a 1956 food crop of nearly 200,000,000 tons, barring bad weather. This would

exceed the plan for 1957 by 6,500,000 tons.

Industry

The original total of 694 industrial plants scheduled for construction under the First Five-Year Plan has been revised upward to about 800. Priority development of heavy industry will be sustained by the assignment of 89 percent of industrial investment funds to this field. The remainder for light industry is, nevertheless, an 86-percent increase over 1955. The planned 1957 level of industrial production is now scheduled for attainment this year with no major underfulfillments expected.

Defense

The \$2.5 billion allocated to military expenditures, while down 5.5 percent from 1955, is

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nevertheless 20 percent of total expenditures, and will permit continuing progress in China's military modernization program.

At least \$550,000,000 of 1955 expenditures consisted of Soviet equipment and installations in China transferred under a Soviet credit. Since this transaction has been completed and no Soviet military credits are included in the budget this year, spending by China itself has actually gone up 19 percent. The assumption by China of the entire burden of defense costs may in part explain recently imposed economies in military construction and last year's failure to spend \$284,000,000 of the funds allocated.

Transportation

Although the original First Five-Year Plan investment allocations for transportation had already largely been spent in

the first three years, the 1956 budget for transportation is 51 percent over the 1955 figure and will permit impressive overfulfillment of original plan goals. Last year 757 miles of new lines were added to the rail system and 5,000 miles of new roads--largely in the western hinterland--to the highway network. In 1956, 1,230 miles of new rail lines are to be added to the 17,000-mile system.

Budget Surplus

A budgetary deficit for 1956 of about \$400,000,000 will be covered by a surplus carried over from 1955. As planned, the 1956 budget will have no surplus to carry forward into 1957. Because of its effect on bank credit operations, this lack of a surplus will contribute to inflationary pressures unless it is offset by increased taxation or greater forced savings.

(Prepared by ORR)

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****21 June 1956****PART II****NOTES AND COMMENTS****SHAH FEARS REPERCUSSIONS
FROM SOVIET AID OFFERS**

The Shah of Iran expects, probably correctly, that the Soviet Union is planning an "extraordinarily cordial and impressive" welcome for him when he arrives for a state visit on 25 June. He will stay in the Kremlin, where an apartment reportedly is being decorated and modernized for him.

The American ambassador in Tehran believes the Shah is not likely to be taken in by Soviet offers. He does not want any political conversations and has said he intends to act only as a constitutional monarch. He apparently has decided not to take along any officials who would be competent to carry on political discussions.

probably get in Iran, the Shah is likely to counter them or even to anticipate them by pressing for a step-up in military and economic aid from the United States. He feels that Iran has been unaccountably neglected since he took the "unprecedented step" of joining the Baghdad pact.

The Shah was greatly impressed during his recent trip to Turkey by its great progress, particularly in the military field, and he compared unfavorably the several hundred jet planes the Turks had been given by the United States with the two that Iran has received.

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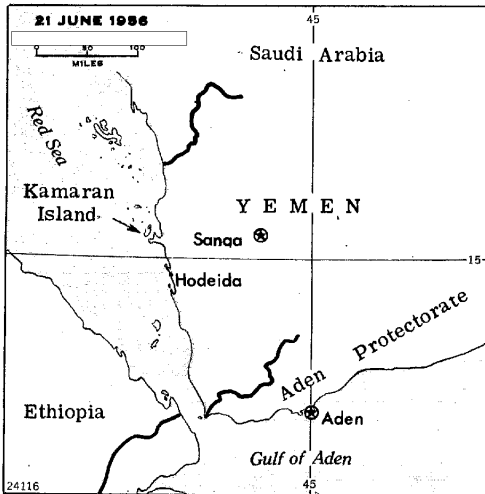
In view of the wide play which Soviet offers would

YEMENI CROWN PRINCE IN MOSCOW

Moscow has accorded Crown Prince Badr of Yemen and his entourage of political and economic advisers an especially warm welcome for representatives

of such a small country. He arrived in Moscow on 11 June following a visit to Egypt where he had talks with Premier Nasr and other leading Egyptian officials.

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Yemeni contacts with the Soviet bloc have been encouraged by Cairo for the purpose of undermining the British position in the Aden Protectorate. The Soviet-Yemeni treaty of friendship, first signed in 1928, was renewed in October 1955. In March 1956, Soviet and Czech economic missions

visited Yemen and a trade agreement with the USSR was signed.

The Moscow talks appear to be partially aimed at expanding commercial ties between the two countries. The delegation accompanying Badr includes many "representatives of business circles."

While the USSR is genuinely interested in establishing close ties with Yemen because of its identification with the Egyptian-led Arab states, Moscow is also seizing on this opportunity to exacerbate further the position of the British in the Middle East. Khrushchev told Foreign Minister Lloyd during the Soviet visit to Britain in April that the USSR would supply arms to countries such as Yemen as long as the British supported the Baghdad pact.

Concurred in by ORR)

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SINO-SOVIET LEADERS STRESS PERSONAL DIPLOMACY

The unprecedented number of invitations to visit the USSR and China extended to non-Communist leaders in the last year and the trips by top Soviet leaders to Yugoslavia, South Asia, the Near East and the United Kingdom indicate the importance the Communists now attach to personal diplomacy.

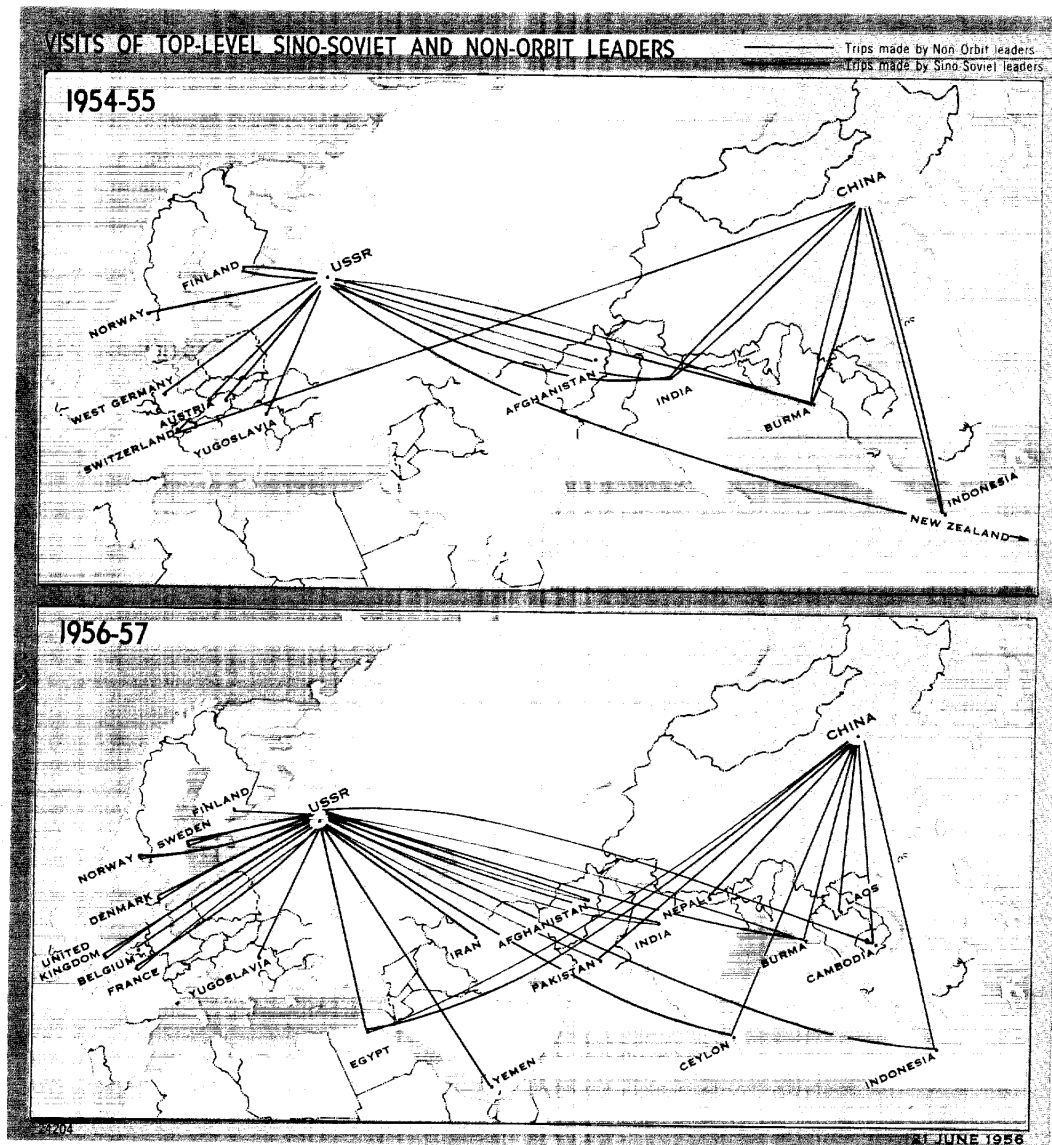
The confidence of the Soviet leaders in the effectiveness of personal contacts in creating a new image of the bloc in the eyes of the non-Communist world has often been expressed in their public statements since the summit conference in Geneva last year. Stressing the "great significance" of the establishment of personal contacts among the

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heads of government of the four great powers at Geneva, Premier Bulganin told the Supreme Soviet last August that the conference marked a turning point in their relations. In his report to the party congress in February,

Khrushchev listed personal contacts between Soviet statesmen and those of other countries as one of the "most important directions in which the Soviet Union's initiative has developed."

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VISITS OF NON-ORBIT LEADERS

| | | | |
|----------------------------------|--------------|----------------------------------|-----------|
| To Moscow | | To Peiping | |
| 1955 | | 1954 | |
| CHANCELLOR RAAB | AUSTRIA | PRIME MINISTER NEHRU | INDIA |
| PRIME MINISTER NEHRU | INDIA | PREMIER U NU | BURMA |
| CHANCELLOR ADENAUER | WEST GERMANY | | |
| PRESIDENT PAASIKIVI | FINLAND | 1955 | |
| DEPUTY PRIME MINISTER HOLYOAKE | NEW ZEALAND | PREMIER ALI | INDONESIA |
| PREMIER U NU | BURMA | | |
| PRIME MINISTER GERHARDSEN | NORWAY | 1956 | |
| | | PRINCE SIHANOUK | CAMBODIA |
| 1956 | | DEPUTY PRIME MINISTER KYAW NYEIN | BURMA |
| PRIME MINISTER HANSEN | DENMARK | PRIME MINISTER ALI | PAKISTAN |
| PRIME MINISTER ERLANDER | SWEDEN | PRESIDENT SUKARNO | INDONESIA |
| PREMIER MOLLAT | FRANCE | PREMIER NASR | EGYPT |
| PRESIDENT TITO | YUGOSLAVIA | PRIME MINISTER PRASAD | INDONESIA |
| CROWN PRINCE BADR | YEMEN | PREMIER ALI | NEPAL |
| VICE PRESIDENT RADHAKRISHNAN | INDIA | PREMIER SOUVANNA | LAOS |
| PRINCE SIHANOUK | CAMBODIA | | |
| SHAH | IRAN | 1957 | |
| DEPUTY PRIME MINISTER KYAW NYEIN | BURMA | PRIME MINISTER BANDARANAIKE | CEYLON |
| PRIME MINISTER GERHARDSEN | NORWAY | | |
| PRESIDENT SUKARNO | INDONESIA | | |
| PREMIER NASR | EGYPT | | |
| PREMIER ALI | INDONESIA | | |
| PRIME MINISTER DAUD | AFGHANISTAN | | |
| PRIME MINISTER VAN ACKER | BELGIUM | | |
| 1957 | | | |
| PRIME MINISTER BANDARANAIKE | CEYLON | | |
| PRIME MINISTER EDEN | UK | | |

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VISITS OF ORBIT LEADERS

| | | |
|--|-----------------------|--|
| From Moscow | | |
| 1954 | | |
| DEPUTY PRIME MINISTER MIKOYAN | HELSINKI | |
| 1955 | | |
| PREMIER BULGANIN, PARTY SECRETARY KHRUSHCHEV | BELGRADE RANGOON | |
| | GENEVA KABUL | |
| | NEW DELHI | |
| | BELGRADE | |
| 1956 | | |
| DEPUTY PRIME MINISTER MIKOYAN | KABUL NEW DELHI | |
| | KARACHI RANGOON | |
| 1957 | | |
| PREMIER BULGANIN, PARTY SECRETARY KHRUSHCHEV | LONDON | |
| | HELSINKI | |
| | | |
| | NORWAY DENMARK | |
| | SWEDEN FRANCE | |
| From Peiping | | |
| 1954 | | |
| PREMIER CHOU | NEW DELHI | |
| | RANGOON | |
| | GENEVA | |
| 1955 | | |
| PREMIER CHOU | BANDUNG | |
| 1956 | | |
| PREMIER CHOU | CAIRO "AND NEAR EAST" | |

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The Chinese Communists have kept pace with their Soviet partners in inviting leaders of non-Orbit countries to visit Peiping. In contrast

with Moscow's world-wide approach, however, the Chinese have concentrated their efforts among neighboring Asian nations, and, since early this year, in the Middle East.

**PEIPING PRESSES
FOR A DULLES-CHOU MEETING**

The release of two American priests last week marks the first time this year Peiping has freed imprisoned Americans. The Chinese Communists have made the point that these two Americans have been freed only because their sentences have been served. Peiping apparently still hopes that the hostage value of the remaining 11 prisoners will help to extract concessions in the Geneva talks. The "key question" in these talks, according to Peiping broadcasts, is a foreign ministers' conference between the United States and Communist China.

Peiping's plea for a Dulles-Chou meeting was first made shortly after the ambassadorial talks at Geneva began in mid-1955. In January,

the Chinese Communist Foreign Ministry declared that "only through a Sino-American conference of foreign ministers" would it be possible to resolve the Taiwan question. Peiping tried to introduce a further note of urgency in May 1956 with the request, subsequently rejected in Washington, that the conferees at Geneva set themselves a two-month deadline for completing arrangements to convene a meeting of foreign ministers.

It is doubtful that Communist China actually believes such a meeting would resolve the disputed points at issue, but it would serve Peiping's objective of enhancing its international prestige and advancing its claims for diplomatic recognition and UN

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membership. Chou En-lai in a recent press interview observed that "it is ridiculous that two countries should be holding conversations without mutual recognition." This argument is particularly likely to carry weight with countries like Japan, France and the Arab nations, where sentiment in favor of recognizing Communist China is already strong.

Of the 11 Americans still in prison, the sentences of eight are known. None of these sentences will have been completed before 1957. However, treatment of the prisoners has improved over the last six months--a reflection possibly of Communist readiness to free the prisoners as soon as Peiping decides that its position at Geneva makes their release desirable. [REDACTED]

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ARAB-ISRAELI SITUATION

The replacement of Israeli foreign minister Sharett by Mrs. Golda Myerson, an undeviating supporter of Prime Minister Ben-Gurion, appears to indicate a shift of emphasis rather than a radical departure in Israel's foreign policies. Ben-Gurion probably will now be free to place more emphasis on what he thinks is Israel's immediate security need. Sharett had sought to give greater weight to Israel's over-all international position.

The construction of pill-boxes near Banat Yacov, and military installations recently observed in the El Auja demilitarized zone along the Israeli-Egyptian border may be symptoms of the tougher policy expected to result from Sharett's resignation.

This does not mean that the Israeli leaders will launch a full-scale campaign against the Arabs since they probably

feel Israel would be robbed of the fruits of victory in any case. It does mean that the policy of retaliation, never abandoned, will probably resume something like its full force, and that Tel Aviv's attitude will be that it is up to the UN--the Western powers and the Soviet bloc--to make the Arabs keep the peace if retaliation seems to be leading toward war. A reshuffle of the Israeli Foreign Ministry and of several diplomatic posts to bring the lower-level outlook in line with such attitudes is a strong possibility.

The effect on the Arabs of such a shift of emphasis in Israeli policy is likely to be increased acceptance of the leadership of Egypt, the only Arab state even remotely able to stand up against Israel. There may also be a tendency to draw still closer to the Soviet bloc in order to ensure that peace moves in the UN or among the great powers reflect sensitivity to Arab views. [REDACTED]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****21 June 1956****FRANCE'S ALGERIAN POLICY**

French premier Guy Mollet appears to be trying to meet leftist pressure for immediate reforms in Algeria and an end to hostilities by preparing for a piecemeal developments of political autonomy. The government thus far has refused to consider the good offices of intermediaries but has not entirely closed the door against eventual recourse to such means.

Shift From Military

Both Mollet and Robert Lacoste, minister residing in Algeria, contend that as a result of recent French military offensives French efforts can now shift away from purely military operations.

Mollet publicly maintains that his government is ready to authorize contact with the rebels for a cease-fire provided these contacts are "official and direct." This has been interpreted to mean contact only with rebels in Algeria and to rule out negotiations with the Algerian nationalist leaders in Cairo.

the government has reacted cautiously to two public cease-fire proposals. Indian premier Nehru proposed

on 22 May a five-point plan as a basis for a negotiated settlement. Though the French gave Krishna Menon no encouragement on his visit to Paris in early June, and in effect told him France wanted no intermediaries, he has since hinted he found France's attitude "now less rigid." The Paris press noted that the Indian proposal was couched in a manner to avoid embarrassment to France since it omitted the use of the word "independence."

Cease-fire Feeler

On 13 June an Algerian nationalist proposal for a cease-fire was publicized by the same Swedish newspaper which obtained the Indochina peace feeler sent out by Ho Chi Minh in late 1953. In this new proposal, an effort was reportedly made to avoid a reference to "independence." Unofficially Paris has characterized it as unacceptable, but Mollet has refrained from officially turning down either of these offers.

Although the French government is reported considering a federal tie for Algeria which would permit internal autonomy, Mollet has so far offered no clear answer on Algeria's future status. While he still insists this must be worked out in a framework of "indissoluble ties," he appears to have given up the concept of Algeria as an integral part of France. As yet, however, political pressure from the right still appears too strong for Mollet to commit himself to cease-fire talks with the nationalist spokesmen in Cairo, and any indication that France's military repression is successful may encourage the right to press for a continued tough policy.

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CYPRUS

Great Britain has prepared a new plan for a Cyprus settlement at a time when the Greek government has indicated an interest in seeking a new approach to the problem. Neither country has yet made direct overtures to the other, but their latest positions indicate that negotiations might be resumed.

British Position

London is reported prepared to announce its willingness to grant Cyprus a constitution and after a "suitable period"--perhaps ten years--to ask NATO whether transfer of Britain's sovereignty over Cyprus would be strategically feasible. [REDACTED]

Greek Position

Greek foreign minister Averoff has told Ambassador Cannon that Athens insists on recognition of self-determination for Cyprus in "positive and straightforward terms." During earlier negotiations, Greece maintained that the British statement on self-determination was "weasel-worded." Averoff also stipulated a "genuinely democratic constitution" providing for self-government for three years. After the three years, an international organization, to be agreed on by negotiation, would determine a date for Cypriot self-determination "not to be later than eight years." Athens also insists on the liberation of Archbishop Makarios before an agreement is reached.

Averoff told the Turkish ambassador in Athens that Greece would be satisfied with stationing a symbolic contingent of troops on Cyprus if the island joined Greece, would establish free ports for Turkish commerce

on the island and give the Turkish minority the right to appeal to either NATO or the United Nations.

Turkish Position

Ankara believes Britain has already promised the Greeks too much and will continue to oppose any scheme which might lead to the eventual union of Cyprus with Greece. The Turks adhere to their view that the strategic location of Cyprus--only 40 miles from Turkey--and the island's large Turkish minority make Greek hegemony unacceptable. London is aware of Turkey's attitude toward any eventual change in sovereignty over the island and, according to Foreign Minister Selwyn Lloyd, is determined to take no steps to mollify the Greeks which would seriously prejudice Turkey's strategic position in area defense. According to press reports, Turkey has told Britain that, if necessary, it will send troops to the island to keep it out of Greek hands.

Cypriot Nationalists

Although nationalist terrorism, which has already caused nearly 150 deaths, including that of an American vice consul, continues at a high level, there are some indications that EOKA--the nationalist organization--may be taking a somewhat more conciliatory attitude. EOKA announced a week ago it was condemning seven Cypriots to "social death" for collaborating with the British. This ostracism contrasts with the previous pattern of punishment by assassination. The Cyprus ethnarchy has also announced that it will receive any proposals and pass them on to Archbishop Makarios, a shift from its previous position that the British had to deal directly with Makarios. [REDACTED]

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**COMMUNISTS EXPLOITING
URUGUAY'S ECONOMIC DIFFICULTIES**

Communist labor leaders in Uruguay are adding to their influence over non-Communist unions through "solidarity" activities in support of the workers in the five-week-old packing-house strike. The Communists hope their efforts will contribute to cause further deterioration in Uruguay's increasingly strained economy.

The rising cost of living and the government's apparent inability to improve the situation have been important factors in the Communist labor gains during the past six months.

Strained Economy

Uruguay traditionally has a high standard of living and, from the end of the war until the early 1950's, enjoyed a relatively stable economy. In the past two years, however, there has been a continued rise in the international trade and payments debt, an increasing imbalance in the federal budget, a steady decline in the value of the peso and a necessity to decrease imports from the United States.

Many of Uruguay's financial difficulties stem from the inflexibility of its economic structure. Nearly 70 percent of its inadequate foreign exchange receipts are derived from livestock products such as meat, hides and wool. Dwindling cattle herds, along with increasing domestic consumption of meat, is reducing the number available for export, while extensive government controls over the economy and high labor costs are additional obstacles to expanding production and exports.

This situation and irritation with American foreign trade

policies have made Uruguay one of the chief Latin American countries seeking trade outlets with the Sino-Soviet bloc. Luis Batlle Berres, who stepped down in February from his one-year turn at the presidency, has stated that "as a result of American policy, we will sell anything but our souls to Russia, China, or anyone else."

The high cost of public administration and a generous social welfare system have further intensified Uruguay's financial problems. Over 40 percent of the employed labor force is on the federal payroll, either in the civil service or in government-owned industries.

The Packing-House Strike

The five-week-old packing-house strike affects the entire meat industry at the peak of the slaughtering season and has affected not only the foreign-owned export houses but also the government. The strike apparently was timed to create the maximum pressure for wage increases to cover the long periods of unemployment caused by the sporadic operation of the packing houses.

Of the major packers, only the government-owned Nacional, which monopolizes the local market, has been able to command an adequate, regular and reasonably priced supply of cattle for slaughter in the last five years. Although favoring the national packing house, the government has considered the foreign packers essential to the economy and has footed the bill for the bulk of packer losses.

Communist Gains

The packing-house strike has also provided the Communists

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with the most dramatic successes they have scored in the labor field. Their sympathy strike on 1 June, backing the non-Communist packing-house workers, marked the first time the Communist labor federation has been able to lead an organized joint action, including both the anarcho-syndicalists and the dominant anti-Communist Sindical Confederation of Uruguay. A second general sympathy strike was scheduled for 21 June.

The Communists, who are weak politically, hope that such "solidarity" activities will prove conclusively to union leaders the value of the inter-federation "co-ordinating committees" which have recently begun to appear at a lower

level in other fields. These committees, which the Communists have been using to gain influence over non-Communist unions, have been skillfully organized. Their activities have been free from Communist clichés and have been presented as disinterested attempts to protect the immediate financial interests of the workers.

Communist-backed cost-of-living strikes now threaten in the civil service, the construction industry, the railway system and the banks. The government has not commented on any of these Communist activities and appears to consider the economic consequences of the meat strike more serious than the danger of any possible gains by the Communists.

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**ANTI-STALIN CAMPAIGN
PROCEEDS CAUTIOUSLY**

Since April, the campaign against Stalin has proceeded slowly and carefully. The overt process of de-Stalinization, carried out earlier in such ways as the removal of pictures and busts, has come to a virtual standstill. The Soviet press has remained silent on publication in the West of Khrushchev's party congress attack, and the Soviet public has so far been informed indirectly of only a small part of its contents.

Delay in publication of Volume 40 of the Great Soviet Encyclopedia, which will contain an article on Stalin, suggests that the regime is taking stock of its position. It has apparently introduced a

note of caution into its campaign with an eye to maintaining discipline and restraint. There have been reports that, in the first flush of surprise and release at the revelations about Stalin, unhealthy criticism, directed against the party and its leaders themselves, had arisen in some party circles. In the face of this reaction, according to information received by the American embassy in Moscow, the party central committee has ordered that discussion of the de-Stalinization question be ended in party meetings.

Some observers have noted cynicism and a loss of confidence in the present leadership, especially among the intelligentsia,

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as a product of the anti-Stalin campaign. There is no indication, however, that the matter has become a serious political problem. Revision of Stalinist history is being carried on quietly but persistently in scholarly and ideological journals, and this process will probably continue.

It is unlikely that the indictment against Stalin will be broadened to include charges of sexual excesses and wife-murder, as recently reported in a French newspaper. These accusations were said to have been made by Khrushchev before a small gathering of party leaders as a follow-up to his denunciation of Stalin at the 20th Party Congress.

The source of the reports of this second, more damning

assault on Stalin's character by Khrushchev is Michel Gordey, Soviet expert of the French newspaper France-Soir who accompanied the Mollet-Pineau party to Moscow. Although his information was described in France-Soir as unquestionably authentic, Gordey left the impression with Ambassador Bohlen, with whom he discussed the subject in Moscow, that it was based entirely on rumors circulating among Soviet Communists.

Even if Khrushchev, whose penchant for intemperate statement is well established, did in fact make such accusations, it is unlikely they will be publicly aired at a time when the subject of Stalin is being treated very gingerly in the USSR.

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ENCYCLOPEDIA REFLECTS
CHANGES IN SOVIET POLICY

The USSR's Great Soviet Encyclopedia (second edition), issued a volume at a time since Volume 1 appeared in 1949, reflects changes in the official line as they occur. Thus, for example, references to the Korean war in Volume 39, issued last March, are less critical of the United States than those in Volume 22, published in 1953.

This piecemeal issuance of the encyclopedia has on more than one occasion caught its publishers in an embarrassing situation. The biography of Beria in Volume 6, published in 1950, had to be completely eliminated in 1953 when Beria was arrested and executed for "antiparty and state crimes." This was accomplished by supplying purchasers of the encyclopedia with an insert to be pasted into the book in place of the pages on Beria.

Similarly, the biography of the Chinese revolutionary leader

Kao Kang, who committed suicide in 1955 when he was accused of anti-party crimes by the Chinese Communist Party leadership, was excised from the pages of the encyclopedia.

The publishers have recently decided to hold up Volume 40 "for an indefinite period" and proceed with the publication of Volume 41. Since Volume 40 will contain the article on Stalin, they are obviously seeking to avoid further embarrassment by delaying publication until the new line on Stalin can be definitively stated.

The encyclopedia clearly reflects changes in the Soviet line. For example, in Volume 22 published in September 1953, the United States was accused of beginning an aggressive war in Korea and charged with trying to "enslave the Korean people," and with building up Korea as a staging area for an

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attack on Communist China. The UN resolution on Korea was described as an "illegal and shameful act," and outcome of "American-English bloc" plots.

By March 1956, when Volume 39, containing the article on the United States, was published, the USSR's new "peaceful coexistence" policy was

apparent in a much-toned-down discussion of American participation in the Korean war. Encyclopedia authors dropped the inflammatory verbiage of the earlier volume. The United States, no longer "imperialist," is now merely accused of having "interfered in the civil war in Korea."

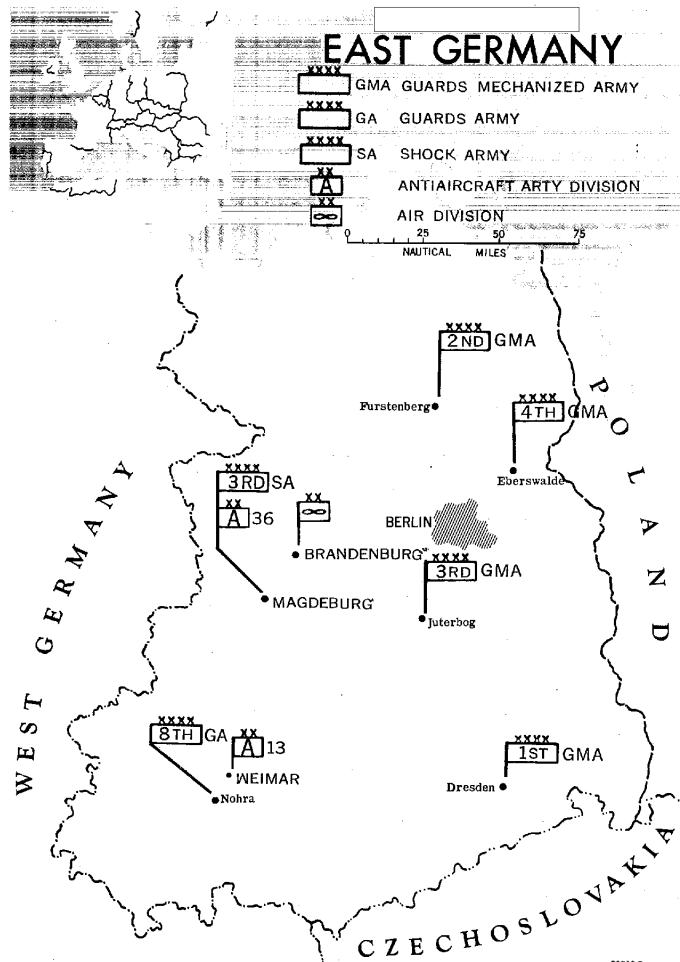
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SOVIET REDUCTION OF FORCES

The withdrawal of several Soviet units from Germany on 20 and 21 June is the second public demonstration in East Germany that the USSR is implementing its plan announced on 14 May to reduce its forces by 1,200,000 men. There are indications that preparations are under way for further demobilizations.

The withdrawals this week consisted of an air division from Brandenburg, one of the three scheduled to leave, and small armored and artillery units from Magdeburg and Weimar. At least one regiment of the air (ground attack) division which was located at Brandenburg was withdrawn in May and was heralded by the East German radio as evidence of Soviet good faith. Magdeburg is headquarters for the Third Shock Army, Weimar, for the 13th AAA Division of the Eighth Guards Army.

On 14 June Marshal Grechko, commander of Soviet forces in East Germany, invited Western representatives to observe the



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withdrawals. He stated that 33,500 would return to the USSR in the coming months. He also said that 20,000 Soviet troops in Germany had been sent home in the past year. There are indications that about 20,000 more troops did in fact leave the Soviet zone last fall than were estimated to be eligible for discharge. Grechko may be including Soviet border guard troops which withdrew last October.

Soviet plans for a reduction of forces may involve demobilization of certain categories of

troops in all areas. Any significant Soviet withdrawals from Eastern Europe are likely to be highly publicized for Soviet foreign policy purposes.

A Soviet announcement on 26 May that special commissions had been established at the local administrative level in the USSR to help place former servicemen in civilian jobs suggests that preparations are being made to facilitate the absorption in the civilian economy of large numbers of discharged troops.

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**SOVIET WARSHIPS
IN FOREIGN WATERS**

Soviet warships have made or are scheduled soon to make a number of cruises in the Mediterranean, the Atlantic and the Pacific. This activity is designed not only to demonstrate friendship with countries visited but also to impress the world with the growth of Soviet military power.

The arrival in Shanghai on 20 June of a Sverdlov-class cruiser and two postwar destroyers marked the first official visit of Soviet warships to an Asian country. Since World War II, only Western navies have been seen in the southern Sea of Japan and the Tsushima Straits. The trip may be intended to provide Asians with tangible evidence of Sino-Soviet solidarity, as well as the growth of Soviet power, particularly naval power, in the Pacific. The cruiser is one of two Sverdlov-class ships which came from European Russia via the Northern Sea Route last

summer to join the Pacific Fleet, whose effectiveness has been increased markedly since 1953.

In the next two months, Soviet warships of the Baltic Fleet will visit Denmark and the Netherlands, and Northern Fleet ships will visit Sweden and Norway. The commanders of both fleets will accompany their ships. This will be the first appearance of Northern Fleet units in foreign ports. The selection of Arctic-based units for the visits to Norway and Sweden probably is intended to impress these countries with the growth of Soviet naval strength on their northern flank.

In addition, since 1 June four "W"-class long-range submarines have passed through the Skagerrak on the surface. This was the first time since 1948 that Soviet submarines are

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known to have passed through the Danish Straits and the first display of boats of this class in non-Soviet waters.

In early June, Soviet warships under the command of Admiral Kasatonov, visited Yugoslavia for the first time, in keeping with the Soviet rapprochement with Tito.

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THE CZECH PARTY CONFERENCE

At the Czech party conference of 11-15 June, the Communist leaders indicated their awareness of widespread confusion and discontent both within the party ranks and among elements of the population, and made clear their intention to halt further public expression of disaffection. Although claiming they would not revert to terroristic practices, the party leaders gave clear warnings that continued transgressions against the party line would not be tolerated and that the regime has acted to ensure that any further process of de-Stalinization will proceed along the "correct" course.

No Further Removals

By once again using Slansky as the scapegoat for past errors and by the general tenor of their speeches, the ruling hierarchy indicated that no additional removals of top party leaders are now planned.

The speeches of party first secretary Antonin Novotny and Premier Viliam Siroky made

it unmistakably clear that the political and economic lines established at the tenth party congress in 1954 were correct and that no basic revisions were necessary. Novotny added that contrary to the sentiments of some members who had demanded a party congress, the central committee is capable of solving the present problems, which he admitted were grave.

"Internal Ferment"

Other speakers revealed that the confusion within the party and the unexpectedly strong open dissidence on the part of writers and university students which arose after the Soviet 20th Party Congress had frightened the regime. Vice Premier Kopecky, for example, informed the conference that "great internal ferment" had made a "tumultuous appearance" as a result of the Soviet congress.

Despite party promises that the campaign to remove the worst police excesses would continue, Minister of the Interior Barak reasserted the

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"legitimate" and necessary role of Czechoslovakia's security organizations. The American embassy noted that Barak's concern with "enemies of socialism" was as evident as in Stalin's time.

Concessions and Reforms

Although the major emphasis of the conference was placed on party control, some limited concessions were announced. A government reorganization, involving several ministerial shifts, and the outright dismissal of Prosecutor General Ales, Minister of Culture Stoll, and Minister of Light Industry Malek were revealed, and certain reforms in the so-called "mass organizations," such as the youth groups and trade unions, were declared imminent.

A program of extensive administrative reforms was detailed with major emphasis on widespread decentralization, greater responsibility for lower party and government organs and a substantial reduction of the administrative structure. Three agricultural ministries have been merged into one, and the Food Industry and Agricultural Procurement Ministries combined. The ministerial level henceforth will deal only with basic problems of planning, investment and technical policy. On the other hand, factory managers will have increased authority, including the right to alter the enterprise production and financial plans and organizational structure, within the framework of general instructions from the minister.

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**BANDARANAIKE'S PERSONAL ROLE
IN CEYLON**

The future stability of the new Ceylonese government depends almost entirely on the personal strength of Prime Minister Bandaranaike, among whose supporters there are few with political experience.

Party Support

Information available on 30 of the 37 candidates elected to the lower house of parliament from Bandaranaike's own Sri Lanka Freedom Party indicates

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that 20 are under 45 years of age and that 13 are under 40. Of the 30, 12 had never run for parliament before and only 13 had run under the Freedom Party banner in 1952.

A considerable proportion of the group had participated in government only on the local level, e.g., as mayors, members of municipal councils, and village committeemen. Roughly half of the group are landed proprietors, seven are teachers, and three are lawyers. At least nine are ultranationalistic Buddhists. The group, which is more representative of the people than the old-line politicians it ousted, is drawn primarily from agricultural rather than industrial constituencies. Seats in industrial areas in many cases went to leftists.

Bandaranaike's Position

Bandaranaike, who now apparently recognizes the magnitude of the individual burden he bears to initiate policy and to withstand the pressure of the opposition, has become increasingly cautious in his statements of intent on major policy matters. At the same time, he is displaying some firmness, as demonstrated by his willingness to call out army forces on 13 June to



BANDARANAIKE

prevent disturbances while parliament considered the national language bill.

Popular respect for his firmness was indicated by the fact that passage on 15 June of the bill to make Sinhalese the sole national language was not followed by rioting such as had occurred in Colombo and elsewhere earlier. Passage of the bill by 66 affirmative votes, very nearly a two-thirds majority of the 101-man parliament, also indicates considerable continued overt support for the prime minister.

Future Program

Bandaranaike's ability to withstand continued pressure from opposition groups and extremists within his own united front is not yet firmly established. At the moment, however, it seems likely that he will be able to push through his program on the next big issues to be faced--those of Ceylon's relationships with Britain. Bandaranaike's press conference on 13 June indicated his intention to placate leftists and nationalists by declaring Ceylon a republic and by reaching a "friendly arrangement" for the elimination of British control over military bases in Ceylon.

At the same time, he apparently wishes, like India and Pakistan, to retain Commonwealth membership. In view of Ceylon's virtual defenselessness, he also apparently intends to try to keep Ceylon's over-all defense treaty with Britain.

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**ASIAN-AFRICAN
STUDENTS' CONFERENCE**

The Communist drive to completely dominate the Asian-African Students' Conference held in Bandung, Indonesia, was substantially curbed in the final sessions of the conference, which closed on 7 June. Although the Communists failed to achieve their major objectives, they are praising the conference and attempting to capitalize on their show of "reasonableness" and on the theme of Asian-African student unity against "reactionary forces."

The non-Communist delegates, despite the lack of preparation on the part of many of them and their weak representation on the key conference committees, were able to maintain sufficient cohesion to force adoption of the unanimity rule in the plenary sessions. As a result, they blocked approval of the most blatant Communist proposals, including what is believed to be their major goal of creating permanent Asian-African student organs. Although political resolutions in accord with the Communist propaganda line were passed, they were on themes to which few Asians and Africans could fail to subscribe, and were framed in such a manner as to apply to the Communists as well as to the West.

While successful in beginning the conference approximately on schedule and in seating many delegations whose credentials were questionable, the Communists appear to have overplayed their hand, particularly in relying on an aggressive, non-student Egyptian delegate to initiate some of their principal proposals. Communist control of the conference was blocked principally by the Indian, Philippine and Pakistani delegates, supported by some eight delegations of smaller countries.

Despite a setback to their major objectives, Communist leaders at the meeting reportedly agreed with the chief Egyptian delegate on the desirability of holding a second conference in Cairo in mid-1957. Their principal gain from the Bandung conference will stem from their opportunity to increase contacts among student groups. They also hope to capitalize on their attempt to convey an impression of good will and co-operative coexistence. They are more effectively organized than the non-Communists to exploit the political resolutions for their own purposes, and to play up the theme of Asian-African student solidarity "in the camp of peace."

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**THE ALGERIAN MILITARY SITUATION
PART I*-- THE REBELS**

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The Algerian rebels' National Liberation Army--which may number between 20,000 and 40,000 men--has progressively disrupted the security and economy of much of northern Algeria by guerrilla operations. The rebels obtain a large part of their equipment locally, but there are indications their efforts to obtain arms now extend throughout the Near East and Europe to the western hemisphere and probably to Soviet bloc countries.

Strength and Disposition

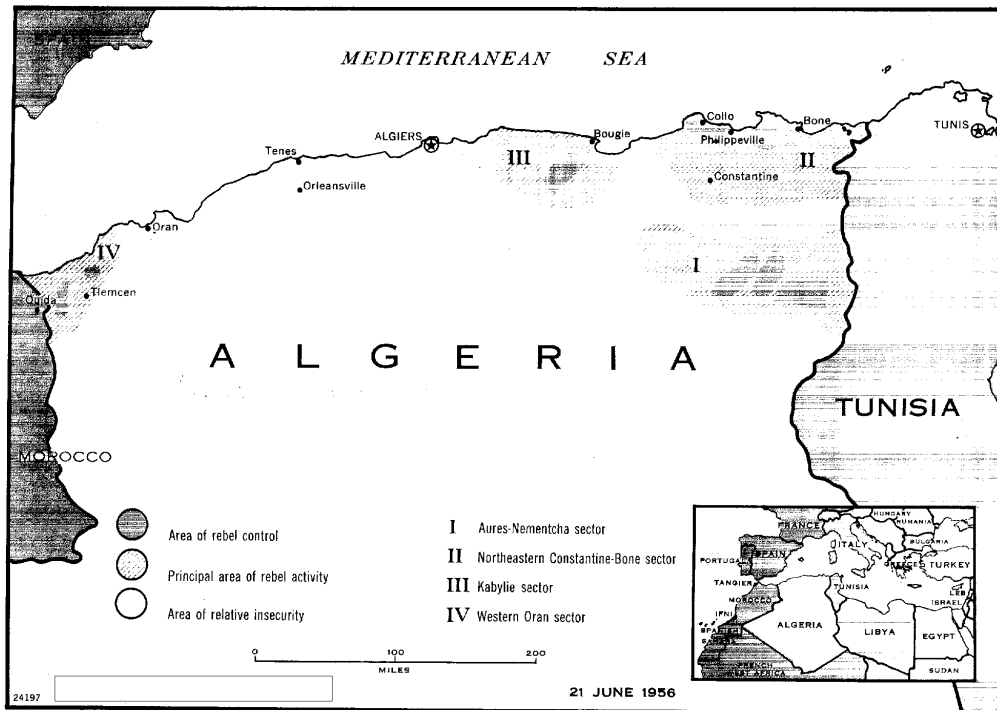
Estimates of the total strength of the National Liberation Army vary between the 15,000 men the French officially acknowledge and the claim of a rebel leader last fall that the army would number 100,000 in a few months. It is unlikely that this figure has been attained for full-time fighters, but the French appear to have consistently underestimated the numbers involved. An estimate of 20,000 to 40,000 does not seem unreasonable. Additional thousands of part-time participants, many of them recruited involuntarily for specific operations, provide considerable supplementary strength.

The progressive growth of the rebel forces is reflected in the steady expansion of their areas of activity and control since 1 November 1954. From small beginnings in the Aures Mountains, the nationalists now control wide areas and have disrupted the security of four large sectors of northern Algeria.

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**Tactics**

In pursuit of their objectives, the rebels have carried on guerrilla operations over a constantly expanding area. Emerging from their inaccessible mountain strongholds, they have generally avoided pitched battles with the better-equipped French forces and concentrated their efforts on devastating the Algerian countryside. Principal targets of their attacks have been transport and communications lines, hydroelectric installations, schools, farms, vineyards, orchards, livestock, and forests, and also Moslem villages which have withheld support or exhibited "loyalist" tendencies.

In urban areas the National Liberation Army, apparently operating through small cells, carries on a sporadic terrorist campaign characterized by bombings

and assassinations. In such activities, it has competed and occasionally clashed with the adherents of the Algerian National Movement, a less effective and apparently declining rival nationalist organization.

Equipment

The principal factor limiting the rebels' capabilities is apparently a shortage of weapons, ammunition and other equipment. Their materiel situation has greatly improved since November 1954, but it remains highly unfavorable in comparison

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with that of their well-stocked French adversaries.

Nationalist guerrillas are still often equipped only with ordinary hunting rifles and knives, but increasingly they have been using automatic weapons. They appear to have sizable quantities of grenades, some mortars, and a limited amount of radio communications equipment. They have to rely on animal rather than motor transport and lack any heavy artillery or aircraft. Perhaps 50 percent of rebel military personnel are outfitted in khaki uniforms.

Sources of Materiel

The materiel now used by the rebels appears to be mostly of French, British, German or American manufacture. Some are stocks abandoned by the Afrika Korps or the Allies during World War II. Many of the more modern items were captured in raids since 1954 on French outposts and arms depots. Several thousand Moslem and some European deserters from the French army have also brought along arms.

External sources of supply have generally been regarded as of lesser importance, quantity-wise, than internal, but now apparently are becoming more significant. The involvement of the Arab states may increase.

Egypt has played a prominent role by providing important services--a refuge where nationalist leaders can operate

freely, training centers for officer personnel, and significant quantities of small arms and ammunition, in addition to undertaking the world propaganda leadership for the nationalist cause.

Nationalist leaders have publicly announced their receptivity to arms originating in the Soviet bloc and some may have already been received from this source.

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the French have claimed for some time that Czech arms are actually being sent through Trieste. In any event, known arms shipments to certain Arab states from the Soviet bloc have increased the capacity of those countries to send their older Western equipment to Algeria.

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The nationalists may even be tapping sources in the western hemisphere.

Most arms reaching Algeria from external sources

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are brought in by camel caravans following overland routes passing through Libya and southern Tunisia. Previously limited by the necessity for clandestine arrangements in Libya, this traffic is expected to increase now that Libyan premier Ben Halim has confessed his inability and unwillingness to control it. Another, less significant, overland route is thought to begin in Tangier or at points along the coast of the former Spanish zone of Morocco and proceed thence to Algeria via its western frontier.

A lesser part of this contraband may be carried directly to Algeria by sea and landed along the nationalist-controlled coastal regions of Constantine and Bone. Small craft engaged in this operation reportedly set out from Egypt, and it is possible that similar vessels depart from northern Morocco, Gibraltar, Malta and southern Europe.

Moroccan-Tunisian Involvement

Since the March cease-fire in Morocco, the Algerian rebels have been receiving considerable logistical support and probably several thousand additional fighters as well from the irregular Moroccan "Army of Liberation," which proclaimed a united front with the Algerian guerrillas last October. Some aid may also be coming

from extremist Salah ben Youssef's Tunisian "Liberation Army," but this is probably more limited because of Ben Youssef's open warfare against the nationalist Tunisian government of Habib Bourghiba.

On the official level, circumstances have dictated restraint, although Bourghiba's complicity in the transit of arms through Tunisian territory has been suggested. Inevitably, however, Moroccan and Tunisian leaders will be under increasing pressure--from their own people, from the Algerian leaders and from Cairo--to demonstrate in more effective ways their avowed dedication to North African nationalist solidarity.

Effects of Insurrection

The nationalists' depredations have dealt a heavy blow to the Algerian economy: agriculture is languishing, important mineral exports have been curtailed, and safe travel and communication are virtually restricted to air facilities. In part of the Kabylie region, signs of developing famine conditions have been reported.

Some 4,000 primarily Moslem civilian casualties have been acknowledged, and this total should probably be expanded to include a large number of the 15,000 rebel casualties claimed by the French. Losses in all categories sustained by the security forces are officially set at about 4,000, almost certainly an understatement.

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NEW SATELLITE FIVE-YEAR PLANS

The Eastern European Satellites' Second Five-Year Plans (1956-60) provide for increasing the investment in agriculture and consumer goods industries. Heavy industry, however, will continue to hold first priority.

Industrial Production Goals

Industrial output is scheduled to grow at a fairly high rate during the next five years but more slowly than in the past. In most Satellites, heavy industry is scheduled to increase production by about 60-70 percent. Capital goods industries will have first priority, but fuel and power production, disproportionately lagging in the past, will be boosted considerably.

The planned increases of about 40 to 50 percent in consumer goods output should substantially raise the standard of living. Real income of the population is scheduled to rise 25 to 30 percent.

Agricultural Goals

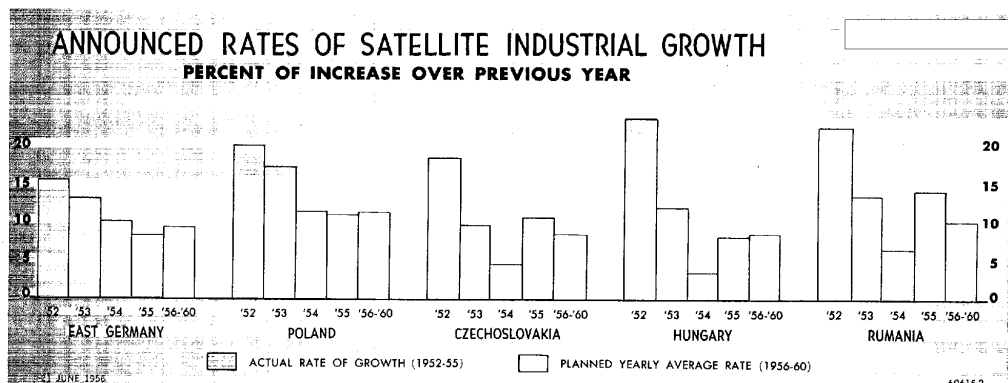
Food shortages, however, more than shortages of manufactured consumer goods have accounted for the general dissatisfaction of the populace. Food rationing is still in effect in Albania and East Germany and food

shortages will continue indefinitely in the other Satellites.

Scheduled increases in agricultural production range from 22 percent in East Germany to 30 percent in Czechoslovakia on the basis of increased mechanization and larger supplies of fertilizer. However, an accelerated collectivization campaign may slow agricultural growth; Hungary, Czechoslovakia and Rumania, with less than 40 percent of their arable land now under state control, plan to socialize more than half the remaining land by the end of 1957. The collectivization campaigns can hardly be undertaken without resort to coercion and further alienation of the peasantry.

Role of CEMA

The newly revitalized Council of Mutual Economic Assistance, in an effort to integrate the new five-year plans more fully than had been done in the past, is seeking to reduce overlapping of production and competition in foreign trade. It has called on East Germany to concentrate on coke, lignite, precision equipment and chemicals; Bulgaria on agriculture; Poland on hard coal and heavy machinery; Hungary on aluminum; Rumania on oil; and Czechoslovakia on general engineering.



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Foreign Trade

The Satellite foreign trade policy during the next five years will stress an increased exchange with Middle Eastern and Asian countries.

Aside from political advantages, the opening of these markets to bloc products and the acquisition of new sources of raw material will considerably benefit countries like Hungary which have critical foreign exchange problems. Czechoslovakia has already undertaken industrial construction in Lebanon, Syria, Egypt, Afghanistan and India, and will probably continue to lead the Satellites in this kind of activity.

Labor Productivity

The success of the five-year plans depends on a major increase in labor productivity. This factor is to account for 66 percent of the planned increase in industrial output for Hungary, 90 percent for Czechoslovakia and 75 percent for Rumania.

Since reliance can no longer be placed on large transfers of labor from agriculture to industry, the lion's share of investment will be directed to mechanization and modernization of existing plants rather than new construction. Training of workers is also to play an important role in increasing output. Special attention will be given to the electronics industry because of its importance for mechanization and automation. (Prepared by ORR) 25X1

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ETHIOPIA, A MAJOR TARGET OF THE COMMUNISTS' AFRICAN CAMPAIGN

Ethiopia has become a major target in the Communists' attempt to penetrate tropical Africa. The latest overtures by the Soviet bloc and Communist China have taken advantage of Ethiopia's dissatisfaction with the amount of Western aid it has been receiving.

The Soviet legation in Addis Ababa was raised to an embassy on 2 June. Its hospital and permanent cultural exhibit have been considered centers of Communist activity, and many observers believe they direct all Communist activities in Africa. Since March the activities of the mission have increased, the caliber of personnel improved, and an assistant military attaché has been added to the staff. A Czech

legation was established in Addis Ababa last year.

Czech Economic Approaches

Economic activity--spearheaded by the Czechs--has been the main tactic used in penetrating Ethiopia. A six-member Czech trade delegation arrived in Addis Ababa in February 1955, traveled extensively throughout the country, and offered key individuals deals involving sugar factory machinery and equipment for a cotton spinning plant. Both reportedly were rejected. In December, however, the delegation negotiated an agreement for the shipment of Soviet petroleum to Ethiopia in Rumanian ships for the equivalent of about \$3,000,000. No shipments are known to have been

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apathetic population, affords Moscow little opportunity to create dissidence.

The situation is likely to change greatly, however, on his death. Then, the expected rivalry of royal factions, the clash between reactionary Coptic Church leaders and the few lib-

eral administrators, the hatred between Christian rulers and Moslem-pagan conquered peoples, and the loose control of the central government over outlying provinces will furnish the Communists an opportunity to use cliques, rebellions and religious hatreds to expand their influence.

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